C. L. HANN INDUSTRIES, INC.
1020 TIMOTHY DR.
SAN JOSE CA 95133

QUALITY POLICY MANUAL

MISSION STATEMENT

C. L. Hann Industries, Inc. is designed to meet the precision machining needs of the electronic, aerospace, and technical industries we work with.
Our commitment to quality in manufacturing ensures customer satisfaction at all times.
Our company goal is to achieve good relations with our customers to assure superior quality in the continuous manufacturing of our products.

QUALITY POLICY MANUAL CONTROL NUMBER: QPM 1

If a control number has been assigned to this document, it is a Controlled Copy. The holder of a Controlled Copy is responsible for maintenance of the manual in regard to inserting authorized changes.

Changes will be distributed to all controlled copies. Controlled copies must be returned to the Quality Department when no longer needed.

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1.0

SCOPE AND FIELD OF APPLICATION

ISO 9002-1987

This standard describes the basic quality strategy of C. L. Hann Industries, Inc.

1.0 C. L. HANN INDUSTRIES, INC. QUALITY PROGRAM

1.1 C. L. Hann Industries, Inc. will maintain a continuous process of company quality policy improvement (CQPI).

1.2 The CQPI process will be structured and administered in accordance with the seven categories of the Malcolm Baldridge National Quality Award criteria.

1.3 As part of the CQPI process, C. L. Hann Industries, Inc. will develop a vision statement, a mission statement, and quality statement that provides clear and lengthy explanations of strategy for their customers, employees, and community.

1.4 Objectives, goals, any action items as well as follow-up activities will be recorded and maintained in the company files controlled by the Quality Manager.

1.5 Creation and implementation of a proper quality policy system is the key to the CQPI process.

2.0 RESPONSIBILITIES

2.1 The General Manager is responsible for the implementation of the CQPI process.

2.2 Owners will administer the CQPI process with a steering committee. Page 5 indicates the quality structure.

CQPI TEAM

CQPI TEAM STEERING COMMITTEE

CAT 1.0	CAT 2.0	CAT 3.0	CAT 4.0	CAT 5.0	CAT 6.0	CAT 7.0
Sr. Exec Leadership	Information & Analysis	Strategic Planning	HR Utilization	Quality Assurance	Quality Results	Customer Satisfaction

2.0

REFERENCES

ISO9002-1987

Refers to documents, standards, and guidelines within the company and are also useful in the quality program, quality policy manual, and quality operations.

1.0 REFERENCE

IS 9002-1987 4.2 International standards organization, standards that relate to companies that develop, manufacture, and distribute products and services.

3.0

DEFINITION

ISO 9002-1987

Defines key elements utilized in the quality process, quality policies and in the Quality Policy Manual.

1.0 DEFINITIONS

1.1 COMPANY
This is all operations of C. L. Hann Industries, Inc.

1.2 CUSTOMER
A customer is anyone receiving services from C. L. Hann Industries, Inc.

1.3 EMPLOYEE
An employee is any individual who works full or part time for the Company and is paid directly from Company funds.

4.0

QUALITY SYSTEM REQUIREMENTS

ISO9002-1987

The quality system explains and includes the required elements of management responsibility, specific quality policies, company quality organization, and a standard system to review the quality process and performance.

1.0 QUALITY SYSTEM REQUIREMENTS

1.1 Owners and Managers will be assigned specific responsibilities of the quality system.

1.2 Distinct policies will be developed to cover all aspects of the companies operations.

1.3 Organizational structure will be documented.

1.4 An annual review of the quality system will be enforced.

1.5 Quarterly reviews of the quality system and its results will be enforced and documented.

4.1

MANAGEMENT RESPONSIBILITIES

ISO 9002-1987

The company will maintain required compliance with this quality policy manual. Documentation of the quality system in this manual delegates C. L. Hann Industries, Inc. commitment to customer satisfaction.

1.0 ENDORSEMENT

C. L. Hann Industries, Inc. endorses the policies in this quality policy manual and certifies this manual accurately describes the quality system used within C. L. Hann Industries, Inc.

APPROVED BY: _____ **DATE:** _____
ISO PROJECT MANAGER

APPROVED BY: _____ **DATE:** _____
ISO DEPUTY MANAGER

APPROVED BY: _____ **DATE:** _____
ISO DEPUTY MANAGER

4.1.1

QUALITY POLICY STATEMENTS

ISO 9002-1987

The purpose of the Quality Policy Manual is to supply the foundation for an effective system for quality. This system is designed to meet the needs of C. L. Hann Industries, Inc. customers and compliance is shown to the specification based on ISO9002-1987.

1.0 QUALITY POLICY STATEMENT

1.1 PRIMARY FOCUS

The customer is the judge of quality. Therefore the goal of C. L. Hann Industries, Inc. is to provide satisfaction for their needs so they can buy our products with confidence.

1.2 OUR MOST VALUED ASSET ARE PEOPLE

People will be treated with respect. All employees will have a challenging position that will provide satisfaction and opportunity for advancement. Training will be the key to improvement and encouraged team work in an informal work environment. Individuals will be acknowledged for contributing and being a strong team member.

1.3 CUSTOMERS

We view our relationships in business as partners with a mutual benefit of value provided to each partner. Communication and transaction will be conducted in an unbiased and ethical manner. Products are serviced for the improvement of life in the environment and to assist our customers in their quality and cost goals.

1.4 CONTINUOUS IMPROVEMENT

Continuous improvement begins with strong leadership, disciplines, and the responsibility of each individual. We begin and promote improvement in every process.

1.5 ETHICS AND SOCIAL RESPONSIBILITY

Ethics and integrity are never compromised. We are responsible for improvement and the preservation of our environment and our communities.

2.0 RESPONSIBILITIES

Quality Manager is responsible for the implementation of the Quality Policy.

4.1.2

QUALITY ORGANIZATION

ISO9002-1987

The quality system organization includes surroundings that encourage ongoing improvement by the owners. The quality system also develops relationships with customers to improve total quality at all levels.

1.0 RESPONSIBILITIES

1.1 MANAGER, QUALITY

The Quality Manager is responsible for the establishment and administration of the quality system. The Quality Manager assigns to others assorted aspects of the system but will retain the responsibility and accountability. The Quality Manager will report quarterly to the President on the effectiveness of the system.

1.2 QUALITY

The Quality Manager is responsible for verifying that quality levels are achieved, and recommend meeting quality objectives and overseeing the effectiveness of the quality system as defined in this manual. The Quality Manager is responsible for establishing and monitoring audits on products, processes, systems, and services to assure all established quality criteria are met before shipping.

2.0 ORGANIZATION

Organizational chart illustrated on page 12.

C. L. HANN INDUSTRIES, INC.
ORGANIZATIONAL CHART

PRESIDENT

QUALITY MANAGER **OPERATIONS MANAGER**

WELDING MANAGER **MACHINING MANAGER** **SHIP/REC. MANAGER**

4.1.3

MANAGEMENT REVIEW

ISO9002-1987

The quality system is reviewed annually by management to assure its continuing compliance effectiveness.

1.0 RESPONSIBILITIES

The Quality Manager will annually review the quality system to assure its effectiveness in meeting current requirements and company needs. Records of reviews are maintained. Revisions for this manual are made when required to define the company's current quality system.

2.0 MANUAL REVISION

Preparation, revision, maintenance and distribution of this Quality Policy Manual is the responsibility of the Quality Manager or delegate. Changes are issued to holders of a Controlled Copy. A list of controlled copy holders of the Quality Policy Manual is retained by management.

3.0 QUARTERLY REVIEWS

Activities and results of the quality system and company quality policy improvement will be reviewed quarterly by the management group.
Such reviews will include but not be limited to the following:

AGENDA	RESPONSIBILITIES FOR INPUT
Financial Performance	Financial Mgr.
Product Line Forecasts	V.P.
Backlog, Shipping Forecast	O/P Mgr.
Human Resource Activities	HR Mgr.
Major Customer Problems	V.P.
Major Product Quality Problems	Q.A. Mgr.
CQPI Progress & Programs	Q.A. Mgr.

4.0 EMPLOYEE COMMUNICATIONS

A summary of results of the quarterly review will be available at employee meetings.

4.2

QUALITY SYSTEM

ISO9002-1987

A documented quality system is maintained.

1.0 QUALITY SYSTEM

The quality system allocates responsibility for the manufacturing of parts, implementation and maintenance of quality.

2.0 SYSTEM DOCUMENTATION

The quality system is documented to assure quality in C. L. Hann Industries, Inc.

2.1 QUALITY POLICY MANUAL
The quality system is described in the quality policy manual. Implementation of the system is achieved from C. L. Hann Industries, Inc. procedures. A document that regulates and implements the quality system is shown on page 15.

2.2 OPERATION PROCEDURES
Operating procedures and direct activities that are common to the organization are a significant role in the quality process. Procedures comply with the Quality Policy Manual.

2.3 PROCEDURES
Procedures are organizational documents that implement the Quality Policy Manual and applicable requirements for the company. These procedures clarify the functional areas of the company and include subjects where functions overlap. All procedures include essential administrative regulations.

3.0 QUALITY PLAN

The quality system requires that the process control sheet is used for inspection points confirming that the process can proceed.

4.0 QUALITY RECORDS

Quality Records are maintained according to 4.15 Quality Records.

CUSTOMER REQUIREMENTS

COMMERCIAL	MILITARY	AEROSPACE
C. L. Hann policies & procedures	**MIL-I-45208A & related MIL STDS**	**ANSI 45.2** **MIL-I-45208A & related MIL STDS**

4.3

CONTRACT REVIEW

ISO9002-1987

A contract is reviewed before acceptance to ensure requirements are defined and the company is able to meet all requirements. Any special requirements are reviewed by management or appropriate group.

1.0 DEFINITION OF CONTRACT

Documents are reviewed to assure customer satisfaction.

A. Customer Purchase Order and any other applicable documents.
B. Associated documents and/or orders pertaining to C. L. Hann Industries, Inc.

2.0 CUSTOMER CONTRACT REVIEW

Individual contracts are reviewed and records are maintained by the supplier to assure:

A. Requirements are adequately defined and documented.
B. Requirements that are different from those in the contract are resolved.
C. We the supplier have the capability to meet contractual requirements. Records of such contract reviews will be maintained.

4.4

DOCUMENT CONTROL

ISO9002-1987

Document control supplies the issue, distribution, and change control of documents that effect product quality.

1.0 CONTROLLED DOCUMENTATION

Documentation and data that affect product quality are regulated by procedures established to maintain its control. These documents and data are reviewed and approved for adequacy by authorized personnel prior to issue.

1.1 AVAILABILITY
Appropriate documents are available at all locations where operations essential to the effective functioning of the quality system are performed.

1.2 OBSOLETE DOCUMENTS
Procedures are established to prevent obsolete documents from all points of issue or use.

2.0 DOCUMENT CREATION AND CHANGES

Any new document or change to an existing document is reviewed and approved by qualified and authorized personnel prior to issue. A record of the issue and pertinent background information involving the nature of the change is maintained.

2.1 REASON FOR CHANGE
Notation of change is included with update document or data so change is readily evident.

2.2 CURRENT REVISION LIST
A current revision list is maintained and readily available.

2.3 RE-ISSUANCE
Documentation and data are re-issued after a practical number of changes have been made.

4.5

PURCHASING

ISO9002-1987

Purchased materials and services from suppliers must conform to specified requirements by C. L. Hann Industries, Inc. Supplier selection, supplier process control, receiving inspection and testing are methods available to give purchased material control.

1.0 SELECTION OF SUPPLIERS

Suppliers are selected by their ability to meet specified requirements including, quality, delivery service, and cost requirements. Qualified suppliers are from the approved suppliers list, or on the engineering specification sheet.

1.1 ASSESSMENT OF SUPPLIERS

Methods used to survey suppliers include one or more of the following:

A. Past history
B. Documented survey
C. Quality program survey
D. Product survey
E. Industry experience

Records of survey are maintained.

1.2 QUALITY CONTROLS

C. L. Hann Industries, Inc. will assure supplier's quality system is effective using a supplier/audit system.

2.0 PURCHASING DATA AND DOCUMENTS

2.1 CONTENTS

Accompanying the Purchase Order, purchasing documents contain:

A. Positive identification and applicable issue of specification
B. Drawings
C. Process requirements
D. Inspection instructions
E. Quality requirements
F. Relevant technical data

2.2 REVIEW AND APPROVAL

Qualified personnel will review and approve purchasing documents for adequacy of specified requirements before release of documents.

4.6

PURCHASING SUPPLIED PRODUCT

ISO9002-1987

Material supplied by the purchaser (customer) for service provided shall be controlled.

1.0 PROCEDURES

Procedures for verification, storage and maintenance of purchaser supplied material shall be established and maintained.

1.1 VERIFICATION
Material Manager shall identify and verify that supplied material conforms to contractual and industry requirements. Non-conforming material will be controlled to established procedures.

1.2 STORAGE AND MAINTENANCE
Material shall be controlled, stored and maintained according to established procedures and industry standards appropriate to the material.

2.0 LOST, DAMAGED OR UNSUITABLE MATERIAL

Records shall be maintained of lost, damaged or unsuitable material and non-conforming material will be reported to the purchaser (customer).

4.7

PRODUCT IDENTIFICATION AND TRACEABILITY

ISO9002-1987

Where appropriate, procedures will be established and maintained for product identification.

1.0 PRODUCT IDENTIFICATION

Procedures and methods will be established for identification of product from applicable drawings, specifications or other documents, during all stages of production, delivery and installation. Procedures will be documented and maintained.

2.0 TRACEABLILITY

Individual finished products will have traceable identification. Procedures apply through:

A. Final test
B. Final inspection
C. Finished inventory, sales order packaging and shipment

Identification methods and procedures shall be documented and a record of the identification will be maintained.

2,1 Shipping and Receiving Department Manager will be responsible for coordinating and identifying processed hardware, materials, as well as completed parts waiting for shipment.

4.8

PROCESS CONTROL

ISO9002-1987

Manufacturing processes are carried out under controlled conditions.

1,0 GENERAL PROCESSES

1.1 DOCUMENTED MANUFACTURING PROCEDURES
Controlled conditions include documented manufacturing procedures defining method of production. Procedures are adequately detailed for qualified individuals to perform the required function with no direct supervision.

1.11 Process Control Sheets must show current Q.A. stamps for all manufacturing processes.

1.2 PRODUCTION PROCESS CONTROL
Controlled conditions include documented quality plans defining the method of monitoring, control of suitable processes, and product characteristics.

1.3 APPROVALS
Controlled conditions include the appropriate approvals of process and equipment.

1.4 WORKMANSHIP
Controlled conditions include criteria for workmanship. Workmanship standards are stipulated, to the greatest practicable extent, in written standards, procedures, or by representative samples.

2.0 SPECIAL PROCESSES

A special process is one where the results which cannot be fully verified by subsequent inspection or test of the product. Special processes are identified in the product quality plan. Examples of special processes are: coating, heat treatment, welding, and sheet metal.

2.1 QUALIFICATION
Special processes are appropriately qualified and comply with all other process control requirements.

2.2 MONITORING
Compliance with documented plans, procedures and monitoring is required to assure that specified requirements are met.

2.3 RECORDS
Records are maintained for qualified processes, equipment, and personnel.

4.9

INSPECTION AND TESTING

ISO9002-1987

Materials and products are inspected and tested according to documented procedures to assure compliance to specifications.

1.0 RECEIVING INSPECTION AND TESTING

Incoming material is not used or processed until it has been inspected or otherwise verified as conforming to specified requirements. Verification is in accordance with the quality plan, documented procedures, or specifications. Verification of compliance may include, but not limited to:

A. Review of supplier furnished evidence by qualified personnel
B. Incoming inspection and test

All verification is documented.

2.0 MATERIAL PRODUCT INSPECTION AND TESTING

2.1 QUALITY PLAN REQUIREMENTS
Product inspected, tested and identified as required by the quality plan and documented procedures.

2.2 PROCESS MONITORING
Product to comply to specified requirements by established use of process monitoring and control methods.

2.3 PRODUCT RELEASE
Product will be released after required inspection or tests have been satisfactorily completed.

2.4 NONCONFORMANCES
Nonconforming product is identified and disposition according to requirements of section 4.12, Control of Nonconforming Material, of this quality policy manual.

3.0 CONFORMANCE RECORDS

Records are established and maintained that give evidence that the product has passed inspections and or tests with compliance to defined acceptance criteria.

4.10

INSPECTION, MEASURING, AND TEST EQUIPMENT

ISO9002-1987

Inspection, measuring, and test equipment are controlled, calibrated and maintained to demonstrate the conformance of material and product to the specified requirements. The calibration system is applicable to MIL-STD-45662A.

1.0 EQUIPMENT USAGE

Inspection, measuring, and test equipment are used in a manner that assures measurement uncertainty will be known and within specified limits. This applies to hardware and software.

1.1 MEASUREMENT IDENTIFICATION
Measurements made are identified and the required accuracy shall be determined. The appropriate inspection, measuring, and test equipment are selected to meet the required accuracy.

1.2 EQUIPMENT CALIBRATION AND IDENTIFICATION
Prior to initial use and at required intervals, all inspection, measuring, and test equipment that can affect product quality are identified, calibrated, and adjusted.

1.3 CALIBRATION STANDARDS
Calibration of equipment is traceable to the international recognized standards. Where no measurement standards exist, basis used for calibration are documented.

1.4 CALIBRATION DOCUMENTATION
Calibration procedures and records are documented and maintained. Procedures include details of equipment type, calibration method, and accepted criteria. Records include details of equipment type, identification number, calibration date, and next due date. Records of calibration are maintained.

4.11

INSPECTION AND TESTING STATUS

ISO9002-1987

The inspection and test status of materials and products are clearly identified.

1.0 IDENTIFICATION

The inspection and test status of material and product is identified by using markings, authorized stamps, tags, labels, travelers, travel cards, inspection records, or physical location, which indicates the conformance or nonconformance to inspections and tests performed. The identification of inspection and test status is maintained, as necessary, throughout production to ensure that only material and product that pass the required inspections and tests are released.

1.1 Q.A.
Q.A. to authorize operations manager the use of Q.A. stamp #13 for acceptance of hardware of Process Control Sheets.

2.0 RECORDS

Inspection responsibility for the release of conforming material and product shall be identified and recorded.

4.12

CONTROL OF NONCONFORMING MATERIAL OR PRODUCT

ISO9002-1987

Procedures are established and maintained that prevent the inadvertent use of nonconforming materials or products.

1.0 CONTROL OF NONCONFORMING MATERIAL AND PRODUCT

Identification, documentation, evaluation, segregation when practical, and disposition of nonconforming product are controlled. Functions concerned are notified.

2.0 REVIEW AND DISPOSITION

2.1 DISPOSTION RESPONSIBILITY
Responsibility for review and authority for the disposition of nonconforming material or product is defined.

2.2 PROCEDURE FOR REVIEW
Nonconforming material or product is reviewed in accordance with documented procedures. The material or product may be:

A. Reworked or sorted to meet the specified requirements. (Nonconforming lot)
B. Used with customer or engineering acceptance
C. Regarded for alternate application
D. Rejected or scrapped

2.3 REINSPECTION
Repaired, reworked, or sorted material or product is re-inspected in accordance with documented procedures.

4.13

CORRECTIVE ACTION

ISO9002-1987

A planned and documented program for corrective action is established to assure conditions that adversely affect quality are promptly identified. Causes of discrepancies are determined, and then positive steps are taken to prevent recurrence.

1.0 INVESTIGATION

Causes of nonconformance are investigated. The corrective action needed shall be determined and documented according to procedures to prevent recurrence.

2.0 ANALYSIS

All processes, work operations, quality records, customer acceptances, service reports, and customer complaints are analyzed to detect and eliminate potential causes of nonconformance.

3.0 CORRECTIVE ACTION

Corrective action is initiated to deal with problems to level corresponding to risks encountered.

4.0 APPLICATION

Controls are applied to ensure that corrective actions are taken and are effective.

5.0 DOCUMENTATION

Changes in procedures resulting from corrective actions are implemented and documented.

4.14

HANDLING, STORAGE, PACKAGING, AND DELIVERY

ISO9002-1987

Material for production is properly identified and maintained from incoming receipt to customer delivery. Material is protected, stored in special environment when necessary, and controlled to prevent unauthorized use.

1.0 GENERAL PROCEDURES

Procedures are established, documented and maintained for handling, storage, packaging, and delivery of material and product.

2.0 HANDLING

Handling methods and means are provided that prevent damage and deterioration.

3.0 STORAGE

Controlled storage areas or stock rooms are provided to prevent damage or deterioration pending use or delivery. Methods for authorizing receipt and dispatch to and from storage areas are documented. Material with limited shelf-life is specifically identified, stored, issued, and controlled according to established procedures for that material. Periodic reviews of materials for shelf-life expiration are performed.

4.0 PACKAGING

Material and product is packaged and marked to assure conformance to specified requirements. Material and product is identified, preserved and segregated from receipt until responsibility ceases.

5.0 DELIVERY

Protection of the quality of product after inspection and test is ensured. Where contractually specified, this protection is extended to include delivery to destination.

4.15

QUALITY RECORDS

ISO9002-1987

Quality records are established and maintained to document the control of quality activities. Records serve to demonstrate that products were manufactured to applicable specifications.

1.0 PROCEDURES

Procedures are established and maintained for identification, collection, filing, storage, maintenance, and disposition of quality records.

2.0 QUALITY RECORDS

2.1 INTERNAL RECORDS
Records will include:

A. Records reviews
B. Contract reviews
C. Approved suppliers
D. Unsuitable purchaser supplied product
E. Product identification
F. Inspection and test records
G. Evidence of test equipment control
H. Inspection authority
I. Customer complaint/corrective action
J. Training records

2.2 SUPPLIER QUALITY RECORDS
Quality records are documented and maintained.

3.0 MAINTENANCE OF RECORDS

All quality records are legible and identifiable to the product involved. Quality records are stored and maintained in such a way that they are readily retrievable in facilities that provide a suitable environment to minimize deterioration or damage and to prevent loss. Retention times of quality records are established and recorded. Where agreed contractually, quality records are available for evaluation by the purchaser or his representative.

4.16

INTERNAL AUDITS

ISO9002-1987

A comprehensive system of planned and documented internal quality audits verifies the implementation and effectiveness of the quality system.

1.0 AUDIT SCHEDULE

Audits are scheduled on the basis of the status and importance of the activity.

2.0 AUDIT PROCEDURES

A. Audits are conducted by qualified personnel
B. Audits are conducted following a written procedure or plan
C. Audits examine the process, products, procedures, and documentation

3.0 RESULTS

Audit reports are written, reviewed with the area being audited. Areas found to be deficient are re-audited to assure timely corrections have been made. Results of audits are used to evaluate the implementation and effectiveness of the quality system.

4.17

TRAINING

ISO9002-1987

A principal element in achieving quality objectives is the continuing education and training of personnel. Training needs are identified and training is provided according to procedures in the company.

1.0 DETERMINATION OF NEEDS

Procedures are established and maintained to identify the training needs for all personnel.

2.0 TRAINING

Training is provided according to determined needs.

3.0 TRAINING RECORDS

Records of training are maintained.

4.18

STATISTICAL TECHNIQUES

ISO9002-1987

Procedures are established and maintained to identify correct application of statistical techniques.

1.0 APPLICATIONS

Statistical methods are used in the company. Applications may be for purposes such as:

A. Reliability specification
B. Process control/process capability studies
C. Determination of quality levels/inspection plans

2.0 STATISTICAL TECHNIQUES

Specific statistical methods and applications may include:

A. Safety Evaluation Risk Analysis
B. Test of Significance
C. Control Charts
D. Statistical Sampling Inspection

REVISION RECORD QUALITY MANUAL #1 REV.

REV. DATE PREPARED BY: _____

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